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12 **UNITED STATES DISTRICT COURT**
13 **NORTHERN DISTRICT OF CALIFORNIA**
14

15 TARI LABS, LLC,

16 Plaintiff,

17 v.

18 LIGHTNING LABS, INC.,

19 Defendant.
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Case No. 3:22-cv-07789-WHO

**DECLARATION OF NAVEEN JAIN IN
SUPPORT OF PLAINTIFF'S EX PARTE
APPLICATION FOR TEMPORARY
RESTRAINING ORDER TO PRESERVE
THE STATUS QUO AND MOTION FOR
PRELIMINARY INJUNCTION**

Date:

Time:

Judge:

Courtroom:

Hon. William H. Orrick

Via Zoom videoconference

Case No. 3:22-cv-07789-WHO

JAIN DECLARATION IN SUPPORT OF PLAINTIFF'S EX PARTE APPLICATION FOR TEMPORARY
RESTRAINING ORDER TO PRESERVE THE STATUS QUO AND MOTION FOR PRELIMINARY INJUNCTION

1 I, Naveen Jain, declare:

2 1. I am Chief Executive Officer of Tari Labs, LLC (“Tari”). I have more than six
3 years of experience in the cryptocurrency and blockchain markets, and nearly 25 years in digital
4 entrepreneurship. I base this declaration on facts within my personal knowledge and documents
5 and information that I have reviewed in the course of performing my job responsibilities. If called
6 upon to testify, I could and would testify competently to the information below.

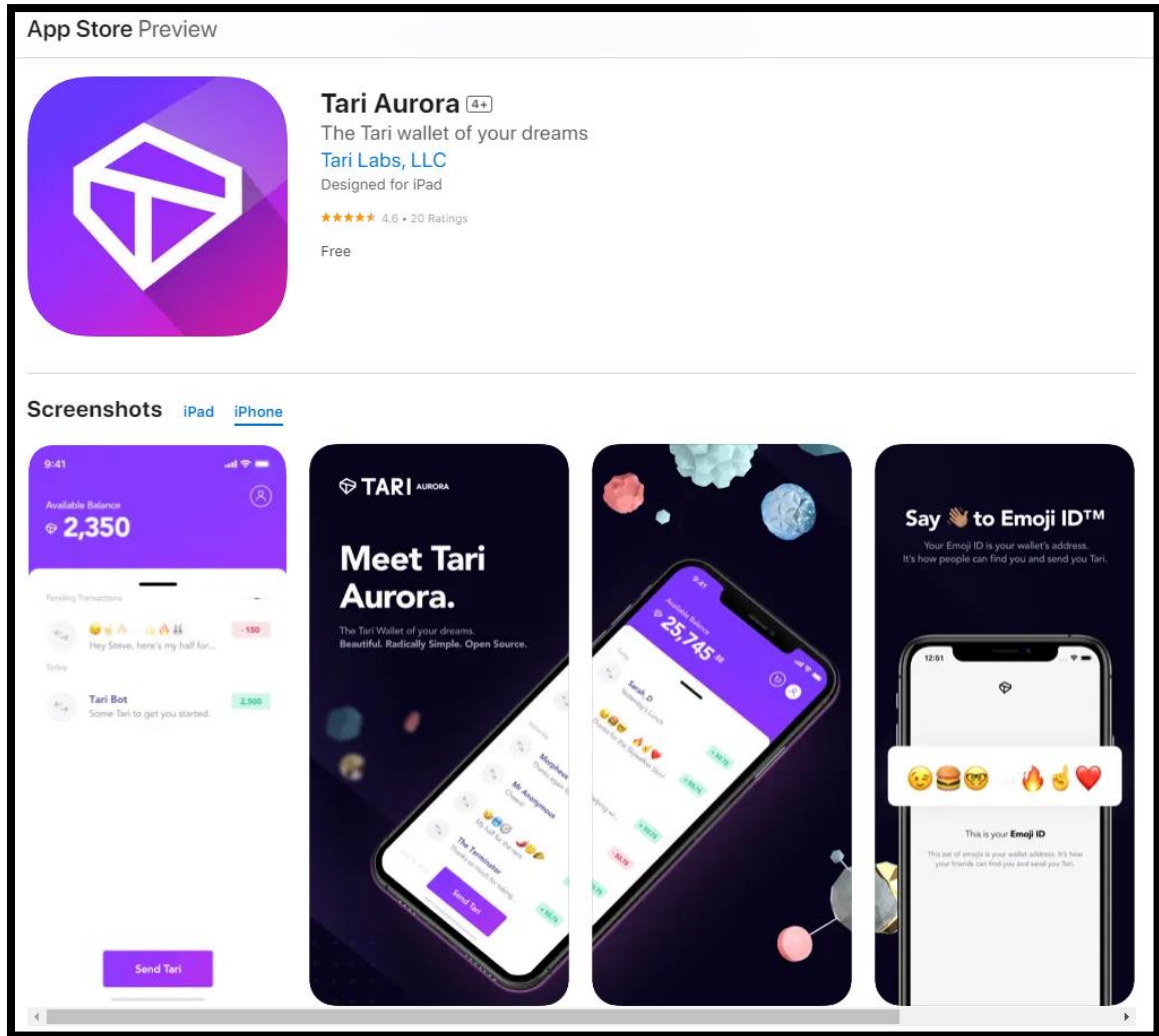
7 **Tari Labs and the TARI® Protocol**

8 2. Tari is an innovative Oakland-based startup founded in March, 2018 by blockchain
9 and entertainment industry entrepreneurs, Dan Teree, Riccardo Spagni, and myself. We created the
10 Tari protocol, a blockchain protocol that enables users to create and transfer digital assets on the
11 blockchain. It is an open-source protocol, meaning that developers and other market participants
12 can contribute to it, build it into their technology, and make their own tools for creating and
13 transferring digital assets. As it is adopted and extended into different applications, the Tari
14 protocol will allow users to transfer ownership of virtually any digital asset on the blockchain,
15 including stablecoins, non-fungible tokens (NFTs), tickets, in-app purchases on mobile devices,
16 loyalty points, and other assets. It also allows developers and other market participants to build the
17 protocol into their technology and create their own tools for transferring digital assets. The Tari
18 protocol is currently in the “testnet” phase, meaning that the protocol is available to users for
19 testing ahead of its full-scale launch.

20 3. Our goal for the Tari protocol is to revolutionize the way all digital assets – not just
21 cryptocurrencies such as BitCoin and Ethereum – are created, owned, managed and transferred. The
22 target audience for the protocol includes developers, retail consumers of NFTs and other digital
23 assets, and anyone else that wants to create and transfer digital assets on the blockchain. The type
24 of assets that can be created and managed on the Tari protocol are limited only by the creativity of
25 the protocol’s users.

26 4. In addition to the Tari protocol, we market other products and services that are
27 designed to work with the protocol. One of these is the Tari Mobile Wallet, an application available
28 on iPhone and Android as a mobile Tari wallet. An open-source application, it is a starting point for

1 developers to test the TARI® protocol and provide a reference for developers to build their own
2 TARI®-compatible applications. Below is a screenshot of the Tari Mobile Wallet's listing on the
3 Apple App store, located at <https://apps.apple.com/us/app/tari-aurora/id1503654828?platform=iphone>:
4



5. We also market Tari tokens, which are provided to miners that operate and reinforce the protocol. These Tari tokens can currently be used to purchase merchandise on the Tari Store.

6. Tari also continues to develop other TARI® branded products and services to help users to create, hold, and transfer a variety of assets on the blockchain.

7. As the TARI® protocol is adopted and extended into different applications, it will allow users to transfer ownership of virtually any digital asset on the blockchain, including non-

1 fungible tokens (NFTs), tickets, in-app purchases on mobile devices, loyalty points, and other
2 assets.

3 8. The TARI® protocol, which was launched in April, 2020, is an early entrant in the
4 market and is poised for future success. It combines high performance, ease of integration with
5 applications, stability, and well-developed documentation for use by developers. It also is private
6 by default, meaning that confidential business information stored on the protocol can be kept
7 private, unlike other technologies. These features combined in a technologically elegant package
8 make Tari one of the most promising blockchain protocols available on the market.

9 9. The company also is backed by a serious team with a demonstrated track record of
10 success. Riccardo Spagni, its Chief Technology Officer, formerly was the lead maintainer of the
11 blockchain Monero. Monero is a top cryptocurrency with a market capitalization of over \$3 billion.
12 Co-Founder Dan Teree, who now serves in advisory capacity, is the founder of Ticketfly, a start-up
13 that soared in popularity and sold to Pandora for \$450 million. Prior to becoming the co-founder
14 and CEO of Tari Labs, I founded Sparkart, a digital agency that has represented leading brands and
15 entertainment groups.

16 10. Since the launch of the protocol, Tari Labs has been the subject of favorable press
17 coverage in the industry media, having been featured in online publications by *CoinDesk*,
18 *Nasdaq.com*, the *Merkle News*, *Fortune*, *Mashable*, and *Bitcoin Magazine*, among others. Attached
19 as Exhibit 1 are true and correct copies of examples of this coverage. We also extensively market
20 the TARI® protocol on social media, at trade shows and conferences, podcasts and on various
21 developer fora and other online resources, including Reddit and GitHub. Attached as Exhibit 2 are
22 true and correct copies of examples of these social media postings.

23 11. As a result of its positive reputation and combination of features, Tari has inspired
24 and attracted an enthusiastic community of software developers and users in this early pre-market
25 phase. Tari has thousands of followers across platforms such as Discord, Substack, Telegram, IRC,
26 Twitter, and Reddit.

27 12. Since the launch of the protocol on April 29, 2020, Tari has continued to target its
28 products to be used by consumers of digital assets both inside and outside the realm of

1 cryptocurrency. Our marketing materials and web site have focused on the protocol's high
2 performance, the ease with which the platform can integrate with other software, the fact that the
3 code is open-source, scalable, secure, private and stable. Tari also attends trade shows and
4 conferences, and seeks developer input on social media and other online resources, including
5 Reddit, GitHub, industry press and podcasts.

6 13. In support of Tari's mission, we also established Tari Labs University, an open
7 source, curated set of online materials developed by the Tari community to help facilitate
8 knowledge transfer and education. Tari's goal for Tari Labs University is to "create the best free,
9 open-source educational resource for the many technologies that comprise blockchain systems."
10 Attached as Exhibit 3 is a true and correct copy of a web page from Tari's website describing Tari
11 University. Tari actively seeks feedback and cooperation from the community of blockchain
12 software developers in order to improve the protocol and platform.

13 14. As part of our marketing and branding activities, we registered a trademark for
14 TARI. The name "Tari" derives from Arabic or Italian, referring to a gold coin used in the
15 Mediterranean during the Middle Ages. We filed our trademark application for TARI on an intent-
16 to-use basis on February 26, 2018. The trademark application was published for opposition on
17 December 18, 2018, and the Trademark Office issued a notice of allowance on February 12, 2019.
18 We filed a statement of use with the Trademark Office on February 14, 2022, declaring our date of
19 first use of the TARI mark at least as early as April 29, 2020. The USPTO granted us a trademark
20 registration for TARI® on April 12, 2022. Attached as Exhibits 4-8 are true and correct copies of
21 the trademark application, confirmation of publication, notice of allowance, statement of use, and
22 trademark registration for TARI. We have used our trademark continuously since April 29, 2020.

23 **Lightning Labs and its Infringing TARO Protocol**

24 15. Lightning Labs is a large and well-established blockchain technology firm, which
25 has attracted big name technology investors such as Jack Dorsey, the CEO of Twitter. Attached as
26
27
28

1 Exhibit 9 is a true and correct copy of a *Forbes* article describing Lightning’s business and Mr.
2 Dorsey’s investment.

3 16. Lightning Labs is known as the developer of the Lightning Network, a widely-used
4 protocol for processing payments on the Bitcoin blockchain and related products and services.
5 Attached as Exhibit 10 is a true and correct copy of a screenshot from Lightning Labs’ website
6 describing the Lightning Network and related products. The Lightning Network is used for
7 processing payments by a wide range of users and developers. Lightning Labs’ traditional products
8 and services have been for payment network technologies focused on facilitating quick and cheap
9 transfers of Bitcoin from one place to another.

10 17. Recently, however, Lightning Labs announced that it is expanding into the same
11 market space as Tari by launching its own protocol for issuing digital assets on the blockchain and
12 defining rules for their transfer. Lightning Labs named their new protocol name “TARO” – nearly
13 the exact same name as TARI®.

14 18. Lightning Labs publicly launched its test “alpha daemon” version of its infringing
15 Taro protocol on September 28, 2022. Lightning Labs promotes its TARO protocol and platform
16 by spotlighting identical characteristics to TARI®, the protocol’s high performance, the ease with
17 which the platform can integrate with other software, and the fact that the code is open-source,
18 scalable, secure, private and stable. Attached as Exhibit 11 is a true and correct copy of the public
19 announcement from Lightning Labs’ website.

20 19. Lightning Labs has announced that Taro will target consumers who wish to issue
21 and transfer any type of digital asset on the blockchain. As explained on their website FAQ
22 (frequently asked questions): “Taro lets you issue all kinds of assets on bitcoin, both unique and
23 fungible. There are no technical limits to what these assets can represent, including stablecoins,
24 shares, tickets, ownership rights or art. Assets can be programmed using Taro’s asset scripts,
25 allowing for a broad range of functionality similar to bitcoin transactions. From an initial protocol
26 design and prioritization perspective, Lightning Labs is focused on stablecoins’ use cases first.”
27 Attached as Exhibit 12 is a true and correct copy of this page from Lightning Labs’ website,
28 available at <https://docs.lightning.engineering/the-lightning-network/taro/faq>.

Tari and Taro Compete Directly in the Marketplace

20. The market for digital assets is undergoing explosive growth, both in technological development and commercial reach. Companies like ours are competing to develop the best and most widely used protocols in the crypto economy for transferring assets. Attracting developers at this early stage is a crucial part of Tari's plan for success. Tari's platform is an open-source platform, which means that its success depends on attracting developers who can work with and innovate on the code under an open-source code license. In order to promote our services, we attend trade shows and conferences, and seek developer input on social media platforms, such as Reddit, GitHub, and through industry press, and podcasts. Attracting developers leads to more innovation and uses for the platform. Likewise, the more consumers a given network attracts, the more appealing it will be for other developers and users to join.

21. The TARI® and TARO protocols will compete directly in the marketplace. They will serve the same function, enabling creators and developers to control the transfer of digital assets, and they compete head-to-head in their efforts to attract creators, developers and ultimately, end-users to build-upon and utilize their protocols. They will even identify the same digital assets that their protocols will be used to create and trade: both parties identify tickets, art, game collectibles, and fungible assets such as tokens or stablecoins as targeted "use cases" for their protocols.

22. Both companies are competing for the same consumer group for their protocols and platforms: consumers without sophisticated knowledge of how blockchain and digital assets work. Lightning Labs, for instance, claims that its ideal Taro user is "somebody who doesn't want to understand the protocol or bitcoin. It's just somebody who wants to transact cheaply and globally without holding bitcoin themselves." Attached as Exhibit 13 is a true and correct copy of an interview from *AAX Trends* describing Lightning Labs' target consumers for Taro. Similarly, at Tari, we have described our mission as creating a platform that "empowers anyone to create digitally scarce things people love." Attached as Exhibit 14 is a true and correct copy of this page from Tari's website. Additionally, attached as Exhibit 15 is a true and correct copy of an article

1 from *Bitcoin Insider* recognizing that “Tari is not just for developers or corporations, as it targets
2 consumers as well.”

3 23. Likewise, Lightning Labs and Tari both seek feedback and cooperation from the
4 community of blockchain software developers in order to improve their platforms. For example,
5 similar to Tari Labs University, the Lightning Labs website features a link to a Slack account for
6 outside developers interested in working with Lightning Labs. Attached as Exhibit 16 is a true and
7 correct copy of a web page from Lightning Labs’ website describing these promotional efforts.

8 24. To reach their intended audiences, Lightning Labs advertises on the same or similar
9 marketing channels as Tari. For example, both offer their software on GitHub, an online developer
10 platform. Attached as Exhibits 17 and 18 are true and correct copies of screenshots from the Github
11 website showing the pages for Tari and Taro, respectively.

12 25. Tari and Lightning Lab also use the same social media and technology platforms to
13 advertise and promote their services. Attached as Exhibit 19 is a collection of true and correct
14 copies of web screenshots showing the parties’ respective pages on Twitter, Reddit, Discord, and
15 Substack.

16 26. Tari and Taro also appear in the same industry press publications, and target similar
17 applications, such as wallets exchanges and games. For example, attached as Exhibit 20 are true
18 and correct copies of articles in *Bitcoin Magazine* profiling Tari and Taro.

19 27. Tari and Lightning Labs are also well-acquainted with one another and have
20 attended the same conferences, including multiple speaking appearances at the Magical Crypto
21 Conference. Attached as Exhibit 21 are true and correct copies of conference agendas from 2019
22 and 2020 showing leaders from Tari and Lightning Labs as featured speakers.

23 28. Lightning Labs recently has begun to double down on its efforts to market the Taro
24 platform. On December 13, 2022, the week after Tari filed its Complaint in this case, Lightning
25 Labs held its first “Taro Community Call,” an event aimed at promoting Taro to users and
26 soliciting user input on the forthcoming product. Attached as Exhibit 22 is a true and correct copy
27 of a Twitter post from Lightning Labs announcing this call.
28

29. On January 26, 2023, Lightning Labs held a second “Taro Community Call” event. Attached as Exhibit 23 is a true and correct copy of a Twitter post from Lightning Labs announcing the second call. Based on my experience in the industry, these types of “community calls” and promotional announcements are a sign that Lightning Labs is moving forward toward the full-scale commercial launch of its Taro protocol. That same day, Lightning Labs released a press release highlighting the rapid acceleration of Taro to the market. Lightning Labs promoted a “Taro startup accelerator” for instance, as well as an updated test version of Taro based on community feedback and available on GitHub. Attached as Exhibit 24 is a true and correct copy of that press release.

30. At the same time, Lightning Labs has received increasing press attention for its Taro protocol. Attached as Exhibit 25 is a collection of true and correct copies of such articles, including “The 10 Biggest Developments in Bitcoin in 2022,” *Coindesk*, December 19, 2022 (<https://www.coindesk.com/consensus-magazine/2022/12/19/the-10-biggest-developments-in-bitcoin-in-2022/>), “A New Asset Issuance Protocol on Bitcoin” *Coinshares*, December 15, 2022 (<https://coinshares.com/research/taro-a-new-asset-issuance-protocol-on-bitcoin>), “What Does Taro Mean for Bitcoin DeFi?,” *Hashnode*, December 28, 2022 (<https://web3.hashnode.com/what-does-taro-mean-for-bitcoin-defi>), “Faster Speeds to Lower Fees, How Bitcoin’s Lightning Network Transformed Transaction in 2022,” *Benzinga*, January 3, 2023 (<https://www.benzinga.com/markets/cryptocurrency/23/01/30183726/faster-speeds-to-lower-fees-how-bitcoins-lightning-network-transformed-transactions-in-2022>), “Taro Protocol Programmable Lightning Network Assets,” *BitcoinLightning.com*, January 21, 2023 (<https://www.bitcoinlightning.com/taro-protocol-programmable-lightning-network-assets/>).

31. Lightning Labs’ Taro protocol has also been promoted on social media, both by Lightning Labs itself and by industry influences and insiders. Attached as Exhibit 26 is a collection of true and correct copies of social media posts discussing and promoting the Taro protocol.

32. On February 5, 2023 Lightning Labs’ Chief Technology Officer and co-founder, Olaoluwa Osuntokun, announced that it is about to release a new version of the infringing TARO

1 protocol within approximately one month. A YouTube video of Mr. Osuntokum making that
2 announcement can be found here: <https://www.youtube.com/watch?v=pStJqHrJhVs> (around 9:58
3 mark).

4 33. The next day, on February 6, Lightning Labs' co-founder announced on Twitter that
5 Lightning Labs will shortly release another version of Taro that will have "just about everything
6 needed to fully get off the ground." Attached as Exhibit 27 is a true and correct copy of this tweet.

7 34. As these examples demonstrate, Lightning Labs is pressing forward toward the full-
8 scale launch of its Taro protocol. Once it does so, consumers are highly likely to be confused.

9 35. Making sure consumers and developers understand which protocols they are using is
10 essential to the orderly working of these platforms. To illustrate the ease through which consumers
11 of Tari's protocol and products can be confused with Taro, below are five illustrative examples
12 showing the opportunities for confusion.

13 **Example #1: Confusion in Creating NFTs**

14 36. Today anyone can create digital assets. There are a number of online websites that
15 simplify the process and do not require either technical understanding or coding ability. As the Tari
16 and Taro protocols are adopted, both likely will be used to create NFTs. When creating NFTs,
17 users may need to choose between Tari and Taro. If users become confused based on the similarity
18 between the names Tari and Taro, it will result in them choosing the wrong protocol for their NFT.
19 This decision is irreversible and will limit the ways in which the asset can be held and transferred
20 going forward. Attached as Exhibit 28 is an illustration of how this would occur on the OpenSea
21 platform, a well-known site for minting NFTs.

22 **Example #2: Confusion in Browsing NFTs for Purchase**

23 37. In online NFT marketplaces such as OpenSea, consumers can browse digital assets
24 for purchase by network and protocol. As Taro and Tari are adopted, users of OpenSea will need to
25 choose between them correctly as they browse certain digital assets. If users become confused
26 between Tari and Taro, they may purchase digital assets based on a protocol they cannot use.
27 Again, this will limit the ways in which their assets can be held and transferred going forward.
28 Attached as Exhibit 29 is an illustration of how this would occur.

1 **Example #3: Confusion in Choosing Digital Wallets**

2 38. Both the Tari and Taro protocols will allow users to transfer ownership of digital
3 assets on the blockchain. Consumers looking to buy and sell digital assets must choose a wallet
4 compatible with the appropriate protocol for the assets they wish to hold. As a result, consumers
5 will need to choose between wallets that are compatible with Tari, Taro, or both. If consumers
6 select the incorrect protocol, their digital wallet will not be compatible with the assets they wish to
7 hold. Additionally, if wallet developers think that the inclusion of the Tari protocol in their wallets
8 will cause confusion with Taro among their customers, they may be unwilling to work with Tari or
9 incorporate its protocol into their wallets in the future. Attached as Exhibit 30 is an illustration of
10 how this would occur on the popular Coinbase Wallet app.

11 **Example #4: Confusion in Creating Smart Contracts**

12 39. Protocols like Tari and Taro may be used to create “smart contracts,” which are
13 agreements between two or more counterparties in the form of computer code programmed to
14 execute automatically and to be verified on the blockchain. As the Tari and Taro protocols are
15 adopted, users creating smart contracts will need to choose between them. As an example, see
16 Exhibit 31, which shows how services such as OpenZeppelin allow consumers to design and create
17 their own smart contracts and where a user could incorrectly select Taro when they wanted Tari,
18 and *vice versa*.

19 **Example #5: Confusion in Selecting Development Tools**

20 40. If application and software developers are confused between the Tari and Taro
21 protocols, the developers may either select incompatible programming tools or start coding a
22 software application that will be integrated with the incorrect protocol. Attached as Exhibit 32 is an
23 illustration of how this could occur on Alchemy, a popular website for developers.

24 41. Lightning Labs is much larger than Tari and has much greater financial and
25 marketing resources than us. This gives Lightning Labs the ability to “swamp” Tari’s advertising in
26 the marketplace. If Lightning Labs is allowed to proceed with this launch, consumers will learn to
27 associate “Taro” – and similar words like “Tari” – with Lightning Labs’ protocol. This will prevent
28

1 Tari from developing goodwill under its own name because potential consumers will already
2 associate it with Lightning's infringing product.

3 42. The damage to Tari's goodwill from confusion with Taro will also be severe.
4 Consumers who experience technical difficulties or frustration as a result of being confused
5 between TARI® and TARO will blame their experiences on Tari and will be less likely to use our
6 products in the future. For example, if a user intends to create an NFT on the TARI® protocol but
7 instead mistakenly selects "TARO" will be unable to use and transfer the NFT in its intended
8 manner. These users are likely to conclude that TARI®'s technology did not work as intended and
9 refrain from using our protocol in the future.

10 43. Similarly, a consumer who attempts to download a TARI®-compatible wallet but
11 instead downloads a "TARO"-compatible wallet would not be able to hold the digital assets that
12 they intended and will also blame Tari. There are many competing blockchain protocols in the
13 marketplace, and users have many options. Potential customers who have bad experiences due to
14 confusion between TARI® and TARO will most likely give up and switch to another protocol for
15 future projects. Every new user is valuable, and these kinds of permanent losses are devastating for
16 our business.

17 44. Because the success of the Tari protocol relies on adoption by a network of users,
18 each of these losses has a dramatic effect: not only does each loss represent a lost business
19 opportunity for us, but each user who is driven away from the platform actually makes the platform
20 less useful by reducing the "network effect" enjoyed by other users, which makes them less likely
21 to continue using it in turn. This confusion threatens to spiral out of control, preventing Tari from
22 achieving widespread adoption or achieving a viable launch at all.

23 45. Under these circumstances, if Lightning Labs is not prohibited from continuing to
24 use its infringing Taro name for its protocol and related services, Tari, its trademark, and all the
25 goodwill we have been able to build is in danger of being swept away. Our products are in a critical
26 stage of development and poised for future growth. If Lightning Labs continues to swamp the
27 market with its Taro product and marketing materials, Tari could lose its business. Particularly
28 because the blockchain industry is rapidly developing, Lightning Labs' use of an infringing brand

1 name to attract developers from us could delay Tari's launch and deprive it of its opportunity to be
2 a first mover in the space. Even if Tari ultimately wins at trial in this case, these harms cannot be
3 repaired by money alone.

4 46. By contrast, Lightning Labs can replace TARO with relative ease and at relatively
5 low cost. At this prelaunch stage, changing the name away from TARO would involve a
6 combination of issuing a corrective announcement, revising the TARO pages on its websites, and
7 swapping out references to "TARO" in favor of the new name in the next version of its protocol.

8 I declare under penalty of perjury under the laws of the United States that the foregoing is
9 true and correct.

10
11 Dated: February 21, 2023

DocuSigned by:
Naveen Jain
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By: _____
NAVEEN JAIN